



## External Relations Department

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### **State Bank of Pakistan has confidence on NBP's BOD and Management**

State Bank of Pakistan is interalia, responsible for the stability of the financial system. After the international financial crises, the regulators around the world have particularly given more emphasis to the systematically important banks due to their role in financial stability. Pakistan is no exception to that and the National Bank of Pakistan (NBP) is one of the systemically important banks in the country. In a certain section of the press a news item refers to a letter from SBP to NBP portraying lack of confidence being shown by SBP on the management of NBP and their Board of Directors. This is malicious and undermines the governance of the largest and systemically important bank in the country and can potentially shake the confidence of its stakeholders. The communication by the SBP is a normal course of business action that is taken to ensure compliance of measures as considered fit by it.

Corporate Governance initiatives are a part of the over-arching role of the State Bank of Pakistan and it does not undermine the role of the Board of Director (BOD) of any bank or for that matter NBP in particular. State Bank of Pakistan has confidence on present NBP's BOD and its Management as they have already started showing progress keeping in view the challenges of a large Public Sector Commercial Bank. Further, NBP has to comply with the requirements of Banking Nationalization Act (BNA) as well while other private/privatized banks are not required to follow BNA.

Fit and Proper test (FPT) of Management and BOD is a normal process carried out by SBP for all banks, and in all cases of Key Executives, FPT documents are submitted to SBP. Since all the existing board members and President of the NBP have been appointed following due process after SBP's clearance, as such no question arises about confidence in NBP's BOD and management.

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